UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CASCADE FINANCIAL CORPORATION and CASCADE BANK, Plaintiffs, v. ISSAQUAH COMMUNITY BANK, CAPITAL BANCORP, LTD. and ROBERT M. ITTES, Defendants.	C07-1106Z ORDER

On September 25, 2007, the Court denied Plaintiffs' Motion for Preliminary Injunction, docket no. 9, after having considered the briefs and declarations in support of and in opposition to the motion, and the law. The Court now issues this written opinion explaining the basis for its denial of the motion for preliminary injunction.

BACKGROUND

A. The Parties

Plaintiff Cascade Bank is a full-service financial institution with over 20 offices in Snohomish and King Counties, offering a full range of banking services. Nelson Decl., docket no. 17, ¶ 5. Cascade Bank presently has two banks in Issaquah – the first bank opened in 1989, and the second bank, which was formerly known as Issaquah Bank, began operating as Cascade Bank in September 2005. Crego Decl., docket no. 27, Ex. 2 (Nelson

Dep.) at 26:12-16. Plaintiff Cascade Financial Corporation is the financial holding corporation for Cascade Bank. Nelson Decl. ¶ 4.

Defendant Issaquah Community Bank opened for business on July 16, 2007. Nelson Decl. ¶ 18, Ex. 7 (Issaquah Community Bank's website). Defendant Capitol Bancorp Ltd. is a holding company with fifty-four individually chartered community banks, including Issaquah Community Bank. Giovanelli Decl., docket no. 28, ¶ 6, Ex. 1. Defendant Robert M. Ittes served as President of Issaquah Bank from the time it was founded, in 1992, until it was acquired in 2004 by Cascade Financial Corporation. Nelson Decl. ¶ 13. At that time, Mr. Ittes became President of the Issaquah Bank Division of Cascade Bank and continued in that position until he terminated his employment effective April 30, 2005. Id.; see also Ittes Decl., docket no. 30, ¶ 7. Mr. Ittes is now the President and Chief Executive Officer ("CEO") of Defendant Issaquah Community Bank. Nelson Decl. ¶ 18.

B. Present Lawsuit and Motion

On July 16, 2007, Cascade Bank and Cascade Financial Corporation ("Plaintiffs"), filed suit against Issaquah Community Bank, Capitol Bancorp Ltd., and Robert M. Ittes ("Defendants"), alleging four claims: (1) Lanham Act unfair competition, (2) common law trademark infringement and unfair competition, (3) infringement of Washington State trademark registration, and (4) violation of the Washington Consumer Protection Act. Compl., docket no. 1, ¶¶ 37-51. Plaintiffs served the summons and complaint on Defendants on or before July 18, 2007. Acceptances of Service, docket nos. 3-5.

On August 1, 2007, Plaintiffs filed the present Motion for Preliminary Injunction, docket no. 9, seeking to enjoin Defendants from offering banking services in connection with or otherwise using the trademark ISSAQUAH COMMUNITY BANK, which allegedly infringes on Plaintiffs' ISSAQUAH BANK trademark for banking services.

C. Issaquah Bank's Operations Between 1992 and 2004

Issaquah Bank started using the ISSAQUAH BANK trademark in Issaquah, Washington in July 1992. Jolley Decl., docket no. 13, Ex. 3.[1] In 1997, Issaquah Bank established a branch office in North Bend, Washington. Nelson Decl. ¶ 10, Ex. 3 (Wash. State Dep't of Fin. Institutions, Division of Banks website).

D. Registered ISSAQUAH BANK Trademark

On March 18, 1993, the Washington Secretary of State issued Washington State Trademark Registration No. 22069 for the ISSAQUAH BANK mark, along with its logo with the line below the trademark and trees to the left, for use in connection with "all bank advertising, letterhead, checks, credit/debit cards, signage," to Issaquah Bank. Jolley Decl. Ex. 3. The registration was valid for ten years, i.e., until March 18, 2003. Id. On November 18, 2002, Issaquah Bank renewed the ISSAQUAH BANK trademark registration, thus extending its validity through March 18, 2009. Id., Ex. 4. Mr. Ittes, who was the President of Issaquah Bank in November 2002, signed the renewal application on behalf of Issaquah Bank. Id., Ex. 4. His signature follows a declaration that provides:

> Applicant [Issaquah Bank] is the owner of and is now using the trademark identified above; I believe no other individual or entity has the right to use such trademark in connection with the same or similar goods or services in this state either in identical or in such a near manner as might be mistaken therefore.

Id., Ex. 4.

E. Cascade Financial Corporation's Acquisition of Issaquah Bank

On June 4, 2004, Cascade Financial Corporation acquired Issaquah Bankshares, Inc. and Issaquah Bank. Nelson Decl. ¶ 8. Issaquah Bankshares, Inc. was merged into Cascade Financial Corporation, and Issaquah Bank was merged into Cascade Bank. Id. At the time

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[1] Plaintiffs' motion, at page 10, clarifies that the Issaquah Bank mark was used in the formation activities in 1992, and that Issaquah Bank opened for business in early 1993.

of acquisition, the goodwill associated with the Issaquah Bank business was valued at $25.2 million. Id. ¶ 11, Ex. 4 (Cascade Financial 2006 Annual Report).

F. Plaintiffs' Use of ISSAQUAH BANK Mark after the June 4, 2004 Merger

Cascade Bank's Marketing Director, Daniel Lampard, and its President and CEO, Carol Nelson, submit declarations in support of the preliminary injunction motion, docket nos. 15 and 17, asserting Cascade Bank's continued use of the Issaquah Bank name after the merger. A cross-examination of Mr. Lampard and Ms. Nelson during subsequent depositions clarified their declaration statements, as outlined below.

1. Marketing Materials

Mr. Lampard's declaration submits copies of "various Issaquah Bank marketing materials" maintained by Cascade Financial Corporation and Cascade Bank. Lampard Decl. ¶ 4, Ex. 1. The materials consist of undated advertisements using the ISSAQUAH BANK mark. Id. At Mr. Lampard's deposition, he clarifies that none of the marketing materials attached to his declaration were created since he has been employed by Cascade Bank, i.e., since October 10, 2006. Crego Decl., Ex. 1 (Lampard Dep.) at 9:11-15, 9:23-10:2. Mr. Lampard then admits that he does not know if any of the advertisements were created and published prior to the acquisition of Issaquah Bank by Cascade. Id., Ex. 1 (Lampard Dep.) at 10:9-24, 12:2-3. Mr. Ittes, on the other hand, asserts that these advertisements predate the acquisition of Issaquah Bank by Cascade Bank. Ittes Decl. ¶ 7. When Mr. Lampard is asked at his deposition whether there have been any advertisements or other instances of the bank's use of the Issaquah Bank mark since he has been employed by Cascade, he answers that he is aware of no such advertisements or instances. Crego Decl., Ex. 1 (Lampard Dep.) at 12:4-20.

2. Chamber of Commerce, Salmon Days and Golf Tournament

Ms. Nelson's declaration states that at the time of the merger, on June 4, 2004:

> Issaquah Bank had built a strong reputation in the community and valuable goodwill associated with its ISSAQUAH Bank name and trademark, due to its long history of offering banking services, as well as its advertising campaign. Issaquah Bank was, *and continues to be*, involved in community organizations, such as the Issaquah Chamber of Commerce. Similarly, Issaquah Bank sponsored community events such [as] the Issaquah Salmon Days Festival and was the primary sponsor for a local golf tournament.

Nelson Decl. ¶ 9 (emphasis added). In her deposition, she testifies:

> Q: Is an entity called Issaquah Bank a current member of the Issaquah Chamber of Commerce?
>
> A: I don't know exactly.
>
> * * *
>
> Q: Did you check the Issaquah [Chamber of] Commerce membership listing before signing your declaration?
>
> A: No.

Crego Decl., Ex. 2 (Nelson Dep.) at 7:25-8:2, 8:8-11. She then admits that Issaquah Bank did not appear on a listing of the Banks and Savings and Loans of the Issaquah Chamber of Commerce that was supplied by opposing counsel at her deposition, and agrees with opposing counsel that her declaration statement regarding Issaquah Bank's continued involvement with the Chamber of Commerce must be incorrect. Id., Ex. 2 at 8:16-9:5, and Ex. 17 (Issaquah Chamber of Commerce listing of bank members). Defendants point out that only Cascade Bank, and not Issaquah Bank, is a sponsor of a recent August 16, 2007 Issaquah Chamber of Commerce event. Crego Decl., Ex. 13.

Regarding the Salmon Days festival and the Salmon Days golf tournament, Ms. Nelson also admits during her deposition that Issaquah Bank was a sponsor in 2004, but that

only Cascade Bank was a sponsor in 2005 and 2006. Id., Ex. 2 (Nelson Dep.) at 9:13-16:14. Her testimony is as follows:

> Q: Isn't it the case, Ms. Nelson, that Issaquah Bank has not sponsored a community event such as the Issaquah Days – Salmon Days Festival or the associated golf tournament since 2004?
>
> A: Yes.
>
> * * *
>
> Q: [F]rom 2005 forward, Cascade's sponsorship of those community events and golf tournament has been alone and not in conjunction or using in any way the Issaquah Bank mark?
>
> A: That is correct.

Id., Ex. 2 (Nelson Dep.) at 15:23-16:2, 16:10-14.

Defendants also point out that Issaquah Bank is not listed in the August 1, 2007 newspaper insert of "Issaquah's Business Yearbook," nor is it listed in the Qwest Dex official phone directory for the Greater Eastside, which includes Issaquah. Ittes Decl. ¶¶ 4, 5, Exs. 2, 3.

3. Continued Use of Issaquah Bank Trade Name After Merger

Ms. Nelson's declaration asserts that the two Issaquah Bank branch offices (in Issaquah and North Bend) continued to use the Issaquah Bank name after the merger:

> After the acquisition and merger, Issaquah Bank was operated as the Issaquah Bank Division of Cascade Bank. Both Issaquah and North Bend branches continued to operate under the 'Issaquah Bank' name . . .

Nelson Decl. ¶ 12. This statement fails to specify the dates of such operations. It is undisputed that the two branches operated as the Issaquah Bank Division of Cascade Bank only from June 2004 through September 2005, and thereafter both branches operated solely under the Cascade Bank name. Nelson Decl. ¶ 14 (discussing the transition of the branch names from Issaquah Bank to Cascade Bank in September 2005); Palmer Decl., docket no.

31, ¶¶ 4, 5 ("In September 2005, Cascade Bank ceased using the name 'Issaquah Bank Division of Cascade Bank' and became known solely as Cascade Bank"). As of August 6, 2007, there was no visible signage outside or inside the Cascade Bank location at 1055 NW Maple Street, Issaquah referring to the former Issaquah Bank. Hedrick Decl., docket no. 29, ¶¶ 2-4. None of the promotional materials available at the bank referred to Issaquah Bank. Id. ¶ 4, Ex. 1.

4. Banking Services under the ISSAQUAH BANK Trademark after the Merger

Despite the name change in September 2005 from Issaquah Bank to Cascade Bank, Ms. Nelson's declaration asserts that Cascade Bank continued to use the Issaquah Bank trademark after the merger in connection with offering banking services:

> After the acquisition and merger, . . . [b]oth Issaquah and North Bend branches continued . . . to offer banking services under the ISSAQUAH BANK trademark.
>
> In September 2005, Cascade Bank . . . continu[ed] to use the ISSAQUAH BANK mark [to] offer banking services.
>
> Cascade Bank continues to build on the goodwill associated with the ISSAQUAH BANK mark by offering financial products and services under the mark and special bank promotions that highlight our longevity in the community, and by continuing to sponsor community events and participate in community organizations.

Nelson Decl. ¶¶ 12, 14, 15. When pressed at her deposition on the topic of Cascade Bank's offer of banking services under the ISSAQUAH BANK mark, Ms. Nelson testifies that she cannot point to any specific documents that were disseminated to the public after September 2005 bearing the words Issaquah Bank. Crego Decl., Ex. 2 (Nelson Dep.) at 22:8-19.

There is abundant testimony that the name change was implemented by not only changing the name of the branch offices, but also changing the name on all of the materials disseminated by the bank to the public. The former manager of the North Bend branch, Kari

Palmer, submits a declaration contending that as part of the name change in September 2005, all Issaquah Bank signage, stationary, advertising materials, and deposit slips from the customer areas were removed. Palmer Decl. ¶ 5. Cascade Bank sent information to all of its customers explaining the name change, and informing them that accounts, loans, credit cards and debit cards would all be transferred to Cascade Bank. Id. ¶ 6; Ittes Decl. ¶ 2, Ex. 1. Customers were also informed that their bank statements would be Cascade Bank statements. Palmer Decl. ¶ 6; Ittes Decl. ¶ 2. Similar information was posted on Cascade Bank's website. Nelson Decl. ¶ 14, Ex. 5. Customers were informed that they could continue using old Issaquah Bank checks until December 2005, and they were asked to order new checks with the Cascade Bank name. Palmer Decl. ¶ 7. After September 2005, customers could no longer order checks with the Issaquah Bank name. Id. ¶ 9. Plaintiffs were unable to produce any documents in response to a request for production requesting "[s]amples of any customer documents . . . featuring the 'Issaquah Bank' mark, delivered or sent by Cascade to its customers since October 1, 2005." Crego Decl., Ex. 3 (Responses to a Second Request for Production).

There are two isolated examples in the record of post-September advertisements that refer to Issaquah Bank. The first advertisement, published on or around January 2007, was attached as Exhibit 6 to Ms. Nelson's Declaration. It consists of an "in branch special" that was posted on a foam cork board inside the Cascade Bank branch offices. Crego Decl., Ex. 2 (Nelson Dep.) at 29:25-30:5. It states: "We celebrate serving the Issaquah Bank community since 1989 by offering a 9 month CD special." Id. ¶ 15, Ex. 6. At her deposition, however, Ms. Nelson clarifies that it was Cascade Bank that opened in 1989, not Issaquah Bank, which did not open until 1992 or 1993. Crego Decl., Ex. 2 (Nelson Dep.) at 18:2-19:2. The second advertisement was also published on or around January 2007, and it states: "Introducing an Issaquah Bank special" in connection with a certificate of deposit ("CD") offer. Crego Decl., Ex. 3 (Responses to First Request for Production). These are the

only two advertisements produced by Plaintiffs in response to the request for production of "[a]dvertisements placed by Cascade featuring the 'Issaquah Bank' mark since September 1, 2005." Id.

5. Domain Names

Ms. Nelson's declaration states that Cascade Bank "continue[s] to use the domain names www.issaquah-bank.com and www.issaquahbank.com to offer online banking and provide information about our other banking and financial services." Nelson Decl. ¶ 16. At her deposition, she admits that when those domain names are entered into a browser, the page that comes up is Cascade Bank's home page, and that the Cascade Bank home page does not mention Issaquah Bank. Crego Decl., Ex. 2 (Nelson Dep.) at 26:21-27:14, Ex. 5 (Cascade Bank's home page); Ex. 7 (www.issaquah-bank.com) and Ex. 8 (www.issaquahbank.com). She concludes: "I guess that's telling you that they're one in the same bank." Id., Ex. 2 (Nelson Dep.) at 27:14-15. Plaintiffs have not provided any evidence that they advertise the Issaquah Bank domain names.

Cascade Bank's website has a webpage (not its homepage) discussing the merger between Cascade Bank and Issaquah Bank. Crego Decl., Ex. 6. Another Cascade Bank webpage, which was removed sometime after July 30, 2007, entitled "Issaquah Bank FAQs," welcomes Issaquah Bank customers to Cascade Bank and explains how all of their services are going to be provided by Cascade Bank. Supp. Jolley Decl., docket no. 34, ¶ 3, Ex. 2. No banking services are offered in connection with the Issaquah Bank name on either of these webpages.

6. Third Party Use

Plaintiffs have submitted evidence of third parties' use of the Issaquah Bank name after September 2005. Howell Decl., docket no. 12, ¶¶ 3-4, Ex. 1 (ACH Participant Directory dated February - July 2007, referring to Issaquah BR[anch], a Division o . . .); Jolley Decl. ¶¶ 6-7, 9-12, Ex. 5 (King County Office of Business Relationship and Economic

Development website), Exs. 6, 8 (Whois database), Ex. 9 (FDIC website), Ex. 10 (superpages.com and snoqualmiedirectory.com), Ex. 11 (Issaquah Chamber of Commerce referring to advertisers); McCormick Decl., docket no. 16, ¶¶ 3-4, Ex. 1 (invoices issued to Cascade Bank and/or Issaquah Bank); Racine Decl., docket no. 19, ¶¶ 3-4, Ex. 1 (lease payment check made payable to Cascade Bank on behalf of Issaquah Bank).

Cascade Bank also continues to process Issaquah Bank deposit and withdrawal slips and checks. Crego Decl., Ex. 4 (citing 5,372 customer deposit slips, an unknown number of withdrawal slips, and 67,528 checks received or processed from July 1, 2006 through the present, affecting 852 accounts); Danner Decl., docket no. 10, ¶¶ 4-6, Exs. 1-3 (samples of deposit and withdrawal slips and checks).

G. Legal and Insured Status of Issaquah Bank

Issaquah Bank's corporate status is "inactive." Crego Decl., Ex. 10 (Washington Secretary of State website). Issaquah Bank is not listed on the Washington Department of Financial Institutions ("DFI") listing for commercial banks and savings institutions. Id., Ex. 11 (DFI's website). As of August 9, 2007, Issaquah Bank was not listed as an FDIC insured institution in Washington. Id., Ex. 12 (FDIC list). Ms. Nelson was asked at her deposition:

> Q: [W]as it your understanding . . . that the status of Issaquah Bank as an insured state non-member bank was terminated as of June 4, 2004?
>
> A: Yes.

Crego Decl., Ex. 2 (Nelson Dep.) at 36:22-37:1.

H. Issaquah Community Bank's Opening

Issaquah Community Bank was incorporated on July 10, 2007, and opened for business on July 16, 2007. Jolly Decl. Ex. 13; Nelson Decl. ¶ 18, Ex. 7. Prior to opening, the Washington Department of Financial Institutions approved the name Issaquah Community Bank. Giovanelli Decl. ¶ 14. This approval indicates that the name is not currently registered by another bank or financial institution in Washington State; the

approval process does not involve any trademark assessment. Williamson Decl., docket no. 35, ¶¶ 4, 5. Issaquah Community Bank asserts that it chose its name because incorporating the name of the community is very important to Capital Bancorp when naming its affiliate banks, and using "community" reflects that it is a community bank in Issaquah. Giovanelli Decl. ¶¶ 7, 10. Of Capital Bancorp's fifty-four banks, six include a geographic reference and fifteen include the word "community" in their name, of which fourteen follow the template of _____ Community Bank. Id. ¶ 8, Ex. 2. Bank of Issaquah was its first choice, but that name had been reserved by someone else. Id. ¶ 9. The President of the Northwest Region for Capitol Bancorp, Thomas Giovanelli, asserts that "[w]e did not choose the name Issaquah Community Bank in order to capitalize on any good will associated with the former Issaquah Bank," and that "[o]ur selection of this location [close to Cascade Bank] did not have anything to do with the location of Cascade Bank's Issaquah location." Id. ¶¶ 11, 15; see Hedrick Decl. ¶ 5, Ex. 2 (map showing various Issaquah banks).

I. Plaintiffs' Awareness of Defendants' Plans to Open Issaquah Community Bank

Cascade Bank's President and CEO, Ms. Nelson, acknowledges that "In January 2007, I became aware that Robert Ittes was involved in establishing a new bank that was to be called 'Issaquah Community Bank.'" Nelson Decl. ¶ 17. On February 19, 2007, Plaintiffs' counsel, Jennifer Jolley, sent a letter to Capital Bancorp's counsel demanding that Issaquah Community Bank adopt a different name to avoid confusion with the Issaquah Bank name. Jolley Decl. ¶ 17, Ex. 16. Senior Legal Counsel for Capital Bancorp. Ltd. promptly responded, asserting that there would be no consumer confusion and that any action by Issaquah Community Bank to change or alter its name is unnecessary because Issaquah Bank is no longer doing business. Id. ¶ 18, Ex. 17. Plaintiffs' counsel responded by letter on March 6, 2007, re-asserting Plaintiffs' position and stating that if Issaquah Community Bank

would not agree to adopt another name that is not likely to create confusion by March 12, 2007, then Cascade Bank "will be forced to pursue other avenues to enforce its rights." Id., ¶ 19, Ex. 18. No further communications between counsel have been submitted into the record.

J. Anticipated Impact of Preliminary Injunction on Issaquah Community Bank

Issaquah Community Bank has incurred expenses to design and print promotional items and banking materials bearing the name Issaquah Community Bank, including debit cards, stationary, checks, internal proof items, marketing and customer handouts, and promotional items such as pens and cups. Giovanelli Decl. ¶ 17. Issaquah Community Bank also has a website. Id., ¶ 13, Ex. 3. Its external signage consists of two 2' x 5' banners with the name "Issaquah Community Bank" and logo. Karmali Decl., docket no. 14, ¶ 4. These expenses would have to be incurred again if forced to change its name. Id. In addition to the direct financial cost, Issaquah Community Bank would incur administrative expenses to changes its name through state and federal regulators, and to issue stock. Id. ¶¶ 18, 19, 21. Issaquah Community Bank customers would also face inconvenience because they would be required to order new checks and debit or credit cards, and they might have difficulty accessing their accounts during a transition time. Id. ¶ 20. If required to change its name, Issaquah Community Bank would have to contact vendors who supply key bank services, such as routing checks and facilitating debit transactions, and changes could take 30 to 60 days. Id. ¶ 21.

DISCUSSION

A. Preliminary Injunction Standard

A preliminary injunction is appropriate where the movant can demonstrate either: "(1) a likelihood of success on the merits and the possibility of irreparable injury; or (2) that serious questions going to the merits were raised and the balance of hardships tips sharply in

its favor." Clear Channel Outdoor, Inc. v. City of Los Angeles, 340 F.3d 810, 813 (9th Cir. 2003) (citation omitted). "These two formulations represent two points on a sliding scale in which the required degree of irreparable harm increases as the probability of success decreases." Sammartano v. First Jud. Dist. Ct., 303 F.3d 959, 965 (9th Cir. 2002) (citation omitted). "In cases where the public interest is involved, the district court must also examine whether the public interest favors the plaintiff." Id. (citation omitted).

B. Affirmative Defense of Abandonment

The Court first addresses the affirmative defense of abandonment prior to turning to the analysis of Plaintiffs' likelihood of success on the merits of their Lanham Act unfair competition claim because the abandonment analysis affects the likelihood of success analysis.

The owner of a trademark cannot exclude others from using the trademark if it has been abandoned. The Ninth Circuit has not squarely held whether the party asserting abandonment is required to prove abandonment by a clear and convincing standard or a preponderance of the evidence standard. Grocery Outlet Inc. v. Albertson's Inc., --- F.3d ---, 2007 WL 2264702, at ** 3-4 nn.3, 4 (9th Cir. Aug. 9, 2007) (compare J. Wallace's concurrence, advocating a clear and convincing standard, with J. McKeown's concurrence, rejecting a clear and convincing standard).[2] "The Lanham Act defines abandonment as (1) discontinuance of trademark use and (2) intent not to resume such use." Electro Source, LLC v. Brandess-Kalt-Aetna Group, Inc., 458 F.3d 931, 935 (9th Cir. 2006). The statute provides:

> A mark shall be deemed to be "abandoned" if either of the following occurs:
>
> (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3

[2] The Court concludes that in this case, under either standard, Defendants present a strong case of abandonment for the reasons stated in this Order.

> consecutive years shall be prima facie evidence of abandonment. 'Use' of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.
>
> (2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

15 U.S.C. § 1127, Para. 16. Regarding the first element of abandonment, i.e., the discontinuance of trademark use, the Ninth Circuit holds that "[a]bandonment requires complete cessation or discontinuance of trademark use." Electro Source, 458 F.3d at 938. "Even a single instance of use is sufficient against a claim of abandonment of a mark if such use is made in good faith." Id. (quoting Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 804 (9th Cir. 1970)). "Evaluating whether a use is in the 'ordinary course of trade' is often an intensely factual undertaking." Id. at 940. Courts are guided by:

> [F]actors such as the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service [or product] in an appropriate segment of the public mind as those of the holder of the mark, the scope of the [trademark] activity relative to what would be a commercially reasonable attempt to market the service [or product], the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted.

Id. (quoting Chance v. Pac-Tel Teletrac Inc., 242 F.3d 1151, 1159 (9th Cir. 2001)). Regarding the second element of abandonment, i.e., the intent not to resume such use, the Ninth Circuit has noted that "[t]here is a difference between intent not to abandon or relinquish and intent to resume use in that an owner may not wish to abandon its mark but may have no intent to resume its use . . . An 'intent to resume' requires the trademark owner to have plans to resume commercial use of the mark." Grocery Outlet, 2007 WL 2264702, at *4 n.4.

Defendants argue that the ISSAQUAH BANK trademark has become unenforceable because Plaintiffs abandoned it in September 2005 when they changed the name from Issaquah Bank to Cascade Bank. Because the period of alleged discontinued use is less than three years, the statutory presumption of abandonment does not apply. "Nevertheless, abandonment may be inferred from the circumstances in cases where there has been a shorter period of discontinued use." Intrawest Fin. Corp. v. Western Nat'l Bank of Denver, 610 F. Supp. 950, 958 (D. Colo. 1985).

The only post-September 2005 uses of the ISSAQUAH BANK mark by *Plaintiffs* are: (1) the two in-branch advertisements for CDs, published in or around January 2007, and (2) the domain names www.issaquah-bank.com and www.issaquahbank.com. One of the in-branch advertisements states: "We celebrate serving the Issaquah Bank community since 1989 by offering a 9 month CD special," and the second advertisement states: "Introducing an Issaquah Bank special." Crego Decl., Ex. 3. Not only is the first advertisement's reference to 1989 referring to Cascade Bank's opening, but also *both* advertisements refer customers to the cascadebank.com website and Cascade Bank's toll-free number as the source of the services. Thus, there are significant questions as to whether Plaintiffs' use of the ISSAQUAH BANK mark in these in-branch advertisements could be deemed to have been used to indicate the source of the services in the sense of Section 1127 of the Lanham Act, when the source of the services is indisputably Cascade Bank. See Intrawest Fin. Corp., 610 F. Supp. at 959 ("It is implausible that the customers in IntraWest Bank's, and then First Interstate Bank's safe deposit department depended upon the [First National Bank of Denver] mark to identify the source of services."); Exxon Corp. v. Humble Exploration Co., 695 F.2d 96, 100-01 (5th Cir. 1983) ("No sales were made that depended upon the HUMBLE mark for identification of source. . . . That is, the HUMBLE mark did not with these sales play the role of a mark."). Moreover, in one advertisement, the Issaquah Bank name describes the "community" not the services offered by the bank. Lastly, the bona fide nature of these

references to Issaquah Bank is put into question because the January 24, 2007 date of the advertisements indicates that they were erected after the plans to form Issaquah Community Bank became public knowledge. See Exxon, 695 F.2d at 101 ("The Act does not allow the preservation of a mark solely to prevent its use by others.").

Similarly, there are significant questions as to whether the mere use of the domain names www.issaquah-bank.com and www.issaquahbank.com constitutes a bona fide commercial use of the ISSAQUAH BANK mark sufficient to disprove abandonment when these domain names direct customers to the Cascade Bank website, which contains no offer of banking services by Issaquah Bank.

As Defendants point out, when the ISSAQUAH BANK mark was registered, the registration claimed the name would be used on "all bank advertising, letterhead, checks, credit/debit cards, signage." Jolley Decl. Ex. 3. Other than the two in-branch advertisements described above, Plaintiffs have failed to submit any advertisements or other uses of the ISSAQUAH BANK mark since October 1, 2005. Cascade Bank cannot point to a single document that it provided to its customers since October 1, 2005 featuring the ISSAQUAH BANK mark. Although Ms. Nelson proclaims that "it has always been our intent to continue to use and build on the strong goodwill associated with the ISSAQUAH BANK mark through use of the mark," Supp. Nelson Decl., docket no. 33, ¶ 6, "[o]bjective evidence of intent not to resume use may outweigh subjective testimony to the contrary." Intrawest Fin. Corp., 610 F. Supp. at 958. Plaintiffs' argument that they have continued their commercial use of the ISSAQUAH BANK mark is wholly unsupported by the record, as outlined in the Background section. All of Plaintiffs actions demonstrate an intent to abandon the Issaquah Bank name in connection with all of Cascade Bank's banking services. It is no wonder that Plaintiffs resisted (albeit unsuccessfully) Defendants' efforts to take limited depositions prior to responding to the preliminary injunction motion. The depositions of Mr. Lampard and Ms. Nelson exposed the misleading statements in their respective declarations, which had

attempted to demonstrate widespread continued use of the ISSAQUAH BANK mark in the community and in connection with the offer of banking services.

The fact that Cascade Bank continues to process old deposit and withdrawal slips and checks featuring the Issaquah Bank name fails to demonstrate that Cascade Bank "used or displayed in the sale or advertising of services" the ISSAQUAH BANK mark. 15 U.S.C. § 1127; see Emergency One, Inc. v. Am. FireEagle, Ltd., 228 F.3d 531, 536-37 (4th Cir. 2000) (holding that the continued provision of exclusive warranty and repair services on American Eagle trucks after the cessation of the manufacture of such trucks did not constitute a "bona fide use of a mark in the ordinary course of trade" under Section 1127 to disprove a claim of abandonment of the American Eagle mark). The Fourth Circuit in Emergency One noted that "[e]xclusive repair and recycling services like those offered by E-One might be sufficient commercial use of the mark to prevent abandonment, but only if E-One used the mark on the repaired or remanufactured goods or on documents associated with the goods or their sale." Id. at 536. In Emergency One, the repaired and recycled trucks left the factory with only the E-One mark, not the American Eagle mark. Id. at 537. In the present case, when Cascade Bank receives outdated materials, "Cascade Bank's Bank Operations notifies the branches and requests that they contact their customers and encourage them to order new documents." Crego Decl., Ex. 4; Palmer Decl. ¶ 9. The record shows that Cascade Bank has taken affirmative steps to encourage its customers to *stop* using the Issaquah Bank mark.

Defendants argue that outdated references to Issaquah Bank by third parties are insufficient to demonstrate any commercial use *by Cascade Bank*. Plaintiffs respond that "[t]hird-party public use of a name or mark has been held to inure to the benefit of the claimant of the rights, even if the claimant itself has not made use of them." Pls.' Reply, docket no. 32, at 3 (citing Nat'l Cable Television Ass'n, Inc. v. Am. Cinema Editors, Inc., 937 F.2d 1572, 1577-78 (Fed. Cir. 1991), and Johnny Blastoff, Inc. v. Los Angeles Rams

Football Co., 188 F.3d 427, 434 (7th Cir. 1998)). These cases, raised for the first time in the reply brief, are not helpful. These cases do not involve a situation where the public is using an outdated mark, i.e., a mark that the owner no longer uses.

Defendants have demonstrated a likelihood of success on their affirmative defense of abandonment, thus precluding a finding for Plaintiffs at this time of a likelihood of success on the merits of Plaintiffs' claim for unfair competition under the Lanham Act.

C. Plaintiffs' Likelihood of Success on the Merits of their Claim for Unfair Competition under the Lanham Act[3]

"To establish . . . an unfair competition claim under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a),[4] [Cascade Bank][5] must establish that [Issaquah Community Bank] is using a mark confusingly similar to a valid, protectable trademark of [Cascade Bank]." Brookfield, 174 F.3d at 1046 n.6. More precisely, at the preliminary injunction stage, Cascade Bank must establish that it is likely to be able to show, first, that it has a valid, protectable trademark interest in the ISSAQUAH BANK mark, and secondly, that the public is likely to be confused about the source or sponsorship of Issaquah Community Bank such that they associate that bank with Issaquah Bank. See id. at 1047, 1053 n.15.

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[3] Plaintiffs do not move for a preliminary injunction based on a showing of a likelihood of success on their other claims.

[4] Plaintiffs incorrectly rely upon 15 U.S.C. § 1114(a), which is Section 32(a) of the Lanham Act, and which provides for a trademark infringement action for federally registered trademarks. There is no evidence in the record that the ISSAQUAH BANK mark is federally registered. In contrast, Section 43(a) applies to both registered and unregistered trademarks. Brookfield Commc'ns, Inc. v. West Coast Entm't Corp., 174 F.3d 1036, 1046 n.6 (9th Cir. 1999). Plaintiffs' reliance on Section 1114(a) is of no material significance, however, since the same standard applies for a trademark infringement claim as for an unfair competition claim. Id. at 1046.

[5] For ease of reference, "Plaintiffs" are referred to as Cascade Bank, and "Defendants" are referred to as Issaquah Community Bank. No legal significance should be attached to this designation.

1. Plaintiffs' Ownership of a Valid, Protectable Trademark

The Lanham Act defines a "trademark" to include:

> [A]ny word, name, symbol, or device, or any combination thereof – (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

15 U.S.C. § 1127, Para. 10. "The term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." Id., 15 U.S.C. § 1127, Para. 15. "For purposes of this chapter, a mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services." Id.

Cascade Bank argues that the mark has been in continuous use since the opening of the first Issaquah Bank branch in 1993. Plaintiffs assert that they have not abandoned the ISSAQUAH BANK mark. Pls.' Mot. at 11 ("While Plaintiffs no longer use their ISSAQUAH BANK mark as the name of the bank, they continue to use the mark in commerce in connection with banking services"). This argument is addressed in detail above in the context of Defendants' affirmative defense of abandonment. In summary, Defendants have put forward a strong showing of abandonment, and Cascade Bank's ownership of a valid trademark is thus in doubt.

In support of its argument that it has a valid trademark, Cascade Bank also argues that "Cascade's state registration of its mark and its 13 years of continuous and exclusive use of

its mark constitute prima facie evidence of the validity of the mark and its exclusive right to use the mark on the services specified in the registration." Pls.' Mot. at 13 (citing RCW 19.77.040). Although Defendants do not address this argument in their opposition, the argument appears problematic because Cascade Bank did not register this mark. Issaquah Bank did. And Issaquah Bank is no longer in existence as a state chartered bank. There is no evidence in the record that Issaquah Bank assigned its rights in the ISSAQUAH BANK mark to Cascade Bank for use in connection with banking services. Cf. Intrawest, 610 F. Supp. at 955 (discussing the assignment of trademark rights). Moreover, Plaintiffs have provided no legal authority that a *state* registration of a trademark confers a presumption of validity under the Lanham Act. The Court will not presume that Cascade Bank owns a valid mark based upon the state registration.

In addition to validity, Cascade Bank must show that the ISSAQUAH BANK mark is "protectable." "Trademarks are categorized as generic, descriptive, suggestive, and arbitrary or fanciful." M2 Software, Inc. v. Madacy Entm't, 421 F.3d 1073, 1080 (9th Cir. 2005) (citing Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992)). "A generic mark is the least distinctive, and an arbitrary or fanciful mark is the most distinctive." Id. (citing GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1207 (9th Cir. 2000)). Plaintiff asserts that the ISSAQUAH BANK mark is descriptive on the spectrum of distinctiveness. "[A] descriptive mark is not inherently distinctive;" however, "[i]t may nevertheless be entitled to protection if it has acquired distinctiveness through secondary meaning." Official Airline Guides, Inc. v. Goss, 6 F.3d 1385, 1391 (9th Cir. 1993). "A suggestive or descriptive mark, which is conceptually weak, can have its overall strength as a mark bolstered by its commercial success." M2 Software, 421 F.3d at 1081 (collecting Ninth Circuit cases).

Plaintiffs submit evidence of commercial success. Issaquah Bank's assets grew from just under $12.4 million at the end of 1993 to $130 million by March 2004. Jolley Decl., Ex. 9. Similarly, total deposits grew from $9.8 million at the end of 1993 to just over $67

million[6] by March 2004. Id. Plaintiffs also assert that they have demonstrated secondary meaning "through their long use and advertising of the mark, as well as their community involvement." Pls.' Mot. at 12-13. Although Defendants do not dispute Plaintiffs' evidence of commercial growth between 1993 and 2004, Defendants point out that since September 2005, Plaintiffs have not advertised the ISSAQUAH BANK mark, nor have they participated in community events using the mark.[7] Plaintiffs have submitted no evidence of secondary meaning after 2004, and no evidence of any customer association between the ISSAQUAH BANK mark and Cascade Bank. Accordingly, Plaintiffs are likely to be able to show secondary meaning only through 2004, or, at best, through 2005, but are unlikely to be able to show secondary meaning after 2005.

2. Likelihood of Customer Confusion

The likelihood of confusion determination asks "whether the similarity of the marks is likely to confuse customers about the source of the products." GoTo.com, 202 F.3d at 1205 (internal citation and quotation omitted). The alleged infringer's "use of a mark must be likely to confuse an *appreciable* number of people as to the source of the product . . . that there are a few consumers who do not pay attention to obvious differences and assume common sources where most other people would not, may not demonstrate the requisite likelihood of confusion." Entrepreneur, 279 F.3d at 1151 (emphasis in original). "In determining whether confusion between related goods is likely, the following factors are relevant: 1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant's intent in selecting the mark;

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[6] Exhibit 9 to the Jolley Declaration appears to show that the total deposits were $105 million, not $67 million, by March 2004.

[7] See Defs.' Opp'n at 20 (Defendants discussed secondary meaning in their "strength of the mark" analysis rather than in the context of whether Plaintiffs own a protectable mark.).

and 8. likelihood of expansion of the product lines." AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979) (abrogated in part on other grounds by Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 810 n.19 (9th Cir. 2003)). "The Sleekcraft factors are . . . a guide to decision-making, intended to channel the analytical process, but not dictate any result." Entrepreneur, 279 F.3d at 1141 (internal citation and quotation omitted). "Some factors are much more important than others, and the relative importance of each individual factor will be case-specific." Brookfield, 174 F.3d at 1054. "Although some factors – such as the similarity of the marks and whether the two companies are direct competitors – will always be important, it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors." Id.; see also GoTo.com, 202 F.3d at 1205 (similarity of marks, relatedness of goods, and marketing channels found to be the three most important Sleekcraft factors in the context of the web).

a. Strength of the Mark

The strength of the mark analysis is related to the secondary meaning analysis regarding the issue of whether Plaintiffs own a protectable mark. As discussed above, Plaintiffs' ISSAQUAH BANK mark is a descriptive mark for which there is no evidence of secondary meaning since 2004. Once Issaquah Bank changed its name to Cascade Bank in September 2005, no banking services were offered under the Issaquah Bank name; thus, it is not surprising that there is no evidence of commercial success associated with the ISSAQUAH BANK mark after 2004. Moreover, "Issaquah" is a "weak" geographic reference. See Bank of Texas v. Commerce Southwest, Inc., 741 F.2d 785, 787 (5th Cir. 1984) (noting combination of "bank" with geographic term lacks distinctiveness); Crego Decl. ¶ 9, Ex. 9 (Washington Secretary of State listing of more than 140 businesses that start with the word "Issaquah"). All banks must include the word "bank" in their name. Accordingly, Plaintiffs' are unlikely to be able to show that the ISSAQUAH BANK is a

strong mark, even though the descriptive mark was likely protectable as a trademark through 2004 or 2005. This "strength of the mark" Sleekcraft factor weighs in favor of Defendants.

b. Proximity of the Goods

"When dealing with the second Sleekcraft factor, the courts assess whether the goods are related or complementary." M2 Software, 421 F.3d at 1081-82 (citing Sleekcraft, 599 F.2d at 350). "For related goods, the danger presented is that the public will mistakenly assume there is an association between the producers of the related goods, though no such association exists." Sleekcraft, 599 F.2d at 350.

Plaintiffs argue that "Defendants' services are identical to Cascade's services and offered in the same geographic area." Pls.' Mot. at 16; Nelson Decl. ¶ 19. Defendants agree: "[I]t is true that Issaquah Community Bank's services are similar to Cascade Bank's." Defs.' Opp'n, docket no. 26, at 19. However, Defendants argue, the relatedness of the services between these two banks is not likely to confuse customers because there are no longer banking services provided by Cascade Bank under the ISSAQUAH BANK trademark. In August 2007, there were no promotional materials inside Cascade Bank using the ISSAQUAH BANK mark. Hedrick Decl. ¶ 4. Cascade Bank has not sent any materials bearing the ISSAQUAH BANK mark to customers since October 1, 2005. Crego Decl., Ex. 2 (Nelson Dep.) at 22:15-19, and Ex. 3 at 2 (Pls.' Resp. to Second Request for Production). Defendants argue that the geographic proximity between Cascade Bank and Issaquah Community Bank is also not likely to cause customer confusion because there is no longer an Issaquah Bank physical location. Because Plaintiffs do not offer any banking services under the ISSAQUAH BANK mark, the relatedness between the services of Cascade Bank and Issaquah Community Bank is irrelevant. This "proximity" Sleekcraft factor weighs in favor of Defendants.

c. Similarity of the Marks

"Similarity of the marks is tested on three levels: sight, sound, and meaning." Sleekcraft, 599 F.2d at 351 (citation omitted). "Each must be considered as they are encountered in the marketplace." Id.; Nutri/Sys., Inc. v. Con-Stan Indus., Inc., 809 F.2d 601, 605-606 (9th Cir. 1987) (affirming finding that Nutri/System and Nutri-Trim logos are dissimilar as used in marketplace). "Although similarity is measured by the marks as entities, similarities weigh more heavily than differences." Sleekcraft, 599 F.2d at 351 (citation omitted).

The words "Issaquah Bank" and "Issaquah Community Bank" are similar in sight, sound and meaning. Defendants point out that the ISSAQUAH BANK mark was registered as the words "Issaquah Bank," with a line below it and trees to the left, and that this logo is different from Issaquah Community Bank's logo. Defs.' Opp'n at 1 (logos compared). There is no evidence in the record of Cascade Bank's continued use of the Issaquah Bank logo. Because the Court considers the marks as they are encountered in the marketplace, the differences between the logos is irrelevant. As previously mentioned, the only post-September 2005 uses of the ISSAQUAH BANK mark by *Plaintiffs* are: (1) the two in-branch advertisements for CDs, published in or around January 2007, and (2) the domain names www.issaquah-bank.com and www.issaquahbank.com. The words Issaquah Bank and Issaquah Community Bank are identical but for the additional word "community." Defendants point out that many banks in Washington have similar names, with only one word differentiating them. Crego Decl., Ex. 12; Ittes Decl. ¶ 5. While this may be true, it does not negate the similarity between the two marks at issue here. Accordingly, the marks, as used in the marketplace, are similar, and the "similarity of the marks" Sleekcraft factor favors Plaintiffs.

d. Evidence of Actual Confusion

"While evidence that the use of the two marks has already led to confusion is persuasive proof that future confusion is likely, the converse is not true." GoTo.com, 202 F.3d at 1208 (internal quotation and citation omitted). This factor is irrelevant where the plaintiff "never had the opportunity to collect information on actual confusion" because the suit was filed before the defendant used the allegedly infringing mark. See Brookfield, 174 F.3d at 1060.

Here, Plaintiffs' lawsuit was filed the same day as the opening of the Issaquah Community Bank; thus, there has been little opportunity for Plaintiffs to collect evidence of actual confusion. Nonetheless, Plaintiffs argue that within days of Issaquah Community Bank's opening, correspondence addressed to Mr. Ittes at Issaquah Community Bank was delivered to the former Issaquah Bank address. Parrish Decl., docket no. 18, Ex. 1. Plaintiffs also assert that the Puget Sound Business Journal mistakenly associated an article about Issaquah Community Bank with Cascade Financial Corporation. Nelson Decl. ¶ 21, Ex. 9. Defendants point out that these instances do not show *customer* confusion. Defendants also point out that the law requires that "an appreciable number of ordinary purchasers" be confused. Entrepreneur, 279 F.3d at 1151. Defendants submit declarations of two Issaquah Community Bank employees who state that within a month of Issaquah Community Bank's opening, they have been unaware of any instances of customer confusion. Giovanelli Decl. ¶ 16; Palmer Decl. ¶ 11. The "actual confusion" Sleekcraft factor is neutral.

e. Marketing Channels Used

"Convergent marketing channels increase the likelihood of confusion." Sleekcraft, 599 F.2d at 353. The issue is not only whether "both lines [a]re sold under the same roof," but also whether the marketing channels are "parallel" such that "the general class of . . . purchasers exposed to the products overlap." Id. In Sleekcraft, the Ninth Circuit looked for

similarities in sales methods employed, price ranges, and advertising and retail methods. See id.; see also Cohn v. Petsmart, Inc., 281 F.3d 837, 842 (9th Cir. 2002).

Because Issaquah Bank is no longer in operation, and because Cascade Bank is not marketing any banking services under the ISSAQUAH BANK mark, with perhaps one exception of a CD that was offered to the public in January 2007, the relatedness of Cascade Bank's marketing channels to Issaquah Community Bank's marketing channels is irrelevant. The use of Issaquah Community Bank's website, www.issaquahcommunitybank.com, is not a source of customer confusion despite the continued registration by Plaintiffs of two Issaquah Bank domain names. The Issaquah Bank domain names direct customers to Cascade Bank's website, where no services are offered under the ISSAQUAH BANK mark. Thus, the Issaquah Bank domain names cannot be considered marketing channels for banking services bearing the ISSAQUAH BANK mark. This "marketing channels" Sleekcraft factor favors Defendants.

f. Type of Goods and the Degree of Care Likely to be Exercised by the Purchaser

This factor requires consideration of "the typical buyer exercising ordinary caution." Sleekcraft, 599 F.2d at 353. According to Cascade Bank's President and CEO, Carol Nelson, "customers of banking services cover the spectrum in terms of education, sophistication and knowledge about banking and financial services." Nelson Decl. ¶ 7. "Some customers research their various banking options before selecting a bank, while others choose based on proximity and convenience." Id. According to Issaquah Community Bank's Chairman of the Board of Directors, Thomas Giovanelli, "Capital Bancorp customers tend to be highly sophisticated users of banking services and very selective about the banks they choose." Giovanelli Decl. ¶ 5. "[I]t is not uncommon for banks operating in the same region to have similar names and customers still are able to differentiate the banks." Id. ¶ 22.

These declarations from both sides are self-serving and are given little weight. This "degree of care" Sleekcraft factor is neutral.

g. Issaquah Community Bank's Intent in Selecting the Mark

"[W]hen the alleged infringer knowingly adopts a mark similar to another's, reviewing courts presume that the defendant can accomplish his purpose: that is, the public will be deceived." Sleekcraft, 599 F.2d at 354. However, "an intent to confuse customers is not required for a finding of trademark infringement." Brookfield, 174 F.3d at 1059. "Thus, the intent factor, if present, will weigh heavily in favor of finding a likelihood of confusion but, if absent, will generally have no effect. eAcceleration Corp. v. Trend Micro, Inc., 408 F. Supp. 2d 1110, 1117 (W.D. Wash. 2006) (citing Brookfield, 174 F.3d at 1059).

In this case, Issaquah Community Bank undeniably had knowledge of Issaquah Bank's mark, given that the former Issaquah Bank President Mr. Ittes is now the President and CEO of Issaquah Community Bank. Nonetheless, Defendants have presented a convincing alternative explanation for the choice of the Issaquah Community Bank name – that its first choice (i.e., Bank of Issaquah) was unavailable, and the Issaquah Community Bank name follows the template commonly used by Capital Bancorp's other banks (i.e., _____ Community Bank, where the blank is a geographic reference). Giovanelli Decl. ¶¶ 7-11. Combined with the facts that: (1) since 2004, Issaquah Bank was no longer a chartered bank in operation, and (2) since 2005, all banking services were offered under the Cascade Bank name, Plaintiffs are unlikely to be able to show that Defendants adopted the Issaquah Community Bank name to capitalize on the goodwill associated with the former Issaquah Bank or to deceive customers. This "intent" Sleekcraft factor is either neutral or favors Defendants.

h. Likelihood of Expansion of the Product Lines

"[T]his factor is not relevant and does not favor either party." Pls.' Mot. at 20. Defendants argue that this factor is relevant because Plaintiffs have not provided any

evidence that they intend to resume use or expand services offered under the ISSAQUAH BANK mark. This factor is thus either neutral or favors Defendants.

i. Conclusion Re: Likelihood of Confusion

Although the "similarity of the marks" Sleekcraft factor favors Plaintiffs, all of the other factors either favor Defendants or are neutral. Plaintiffs are unlikely to be able to show a likelihood of customer confusion.

3. Conclusion Re: Likelihood of Success on the Merits

Plaintiffs are unlikely to succeed on the merits in showing that they own a valid and protectable ISSAQUAH BANK trademark and that there is a likelihood of consumer confusion as a result of Defendants' use of the Issaquah Community Bank name.

D. Irreparable Harm

"In a trademark infringement claim, irreparable injury may be presumed from a showing of likelihood of success on the merits." GoTo.com, 202 F.3d at 1205 n.4 (internal citation and quotation omitted). Because Plaintiffs are unable to show a likelihood of success on the merits, they are not entitled to the presumption of irreparable harm. Furthermore, "courts have held that a delay in seeking injunctive relief will undercut the presumption of irreparable harm in trademark cases." eAcceleration, 408 F. Supp. 2d at 1122 (citing GTE Corp. v. Williams, 731 F.2d 676, 678 (10th Cir. 1984)). In eAcceleration, this Court denied a preliminary injunction where the plaintiff submitted a cease and desist letter, but then waited approximately nine months before filing suit, and two additional months before bringing its motion for a preliminary injunction. Id. This Court recognized that some portion of the delay was likely the result of attempts to resolve the matter without litigation, but noted that plaintiff waited until September 2005 to file the complaint, and until November 2005 to file the motion for a preliminary injunction, despite the fact that the defendant indicated its unwillingness to cease in using the allegedly infringing mark in Spring 2005. Id. n.4.

In the present case, Plaintiffs admit that in January 2007 they became aware of Defendants' plans to open Issaquah Community Bank. Plaintiffs promptly sent Defendants a letter demanding that they change their name. When Defendants refused, Plaintiffs sent a second letter with a deadline for a response. When no such response was received by the March 12, 2007 deadline, Plaintiffs were on notice that Defendants were not going to change the name. Plaintiffs waited to file the complaint until the day that Issaquah Community Bank opened, on July 16, 2007, and they waited until August 1, 2007 to file a preliminary injunction motion. This over-four-month delay undercuts Plaintiffs' assertion of irreparable harm.

E. Balance of Hardships

Plaintiffs have failed to demonstrate that they are likely to be able to show that they own a valid, protectable trademark, that there is a likelihood of consumer confusion, and that they will suffer irreparable harm. Thus, the balance of hardships weighs in favor of Defendants, who would have to incur direct and administrative expenses to change their name and whose customers would be inconvenienced by such a change.

F. Public Interest

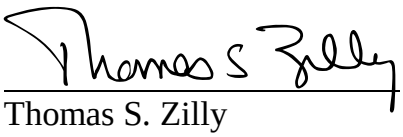
In its Balance of Hardships argument, Plaintiffs assert that there will be significant harm to the public interest. Pls.' Mot. at 23. Given the Court's finding that Plaintiffs are unlikely to succeed on the merits, the harm to the public interest is unlikely.

G. Conclusion

Defendants are likely to succeed on their affirmative defense of abandonment, and Plaintiffs are unlikely to succeed on the merits of their Lanham Act unfair competition claim. Plaintiffs have also failed to demonstrate irreparable harm. The balance of hardships tips in Defendants' favor. Accordingly, the Court DENIES Plaintiffs' Motion for Preliminary Injunction, docket no. 9.

IT IS SO ORDERED.

DATED this 26th day of September, 2007



Thomas S. Zilly
United States District Judge